

3/24/05

U.S. DEPARTMENT OF EDUCATION  
OFFICE OF INNOVATION AND IMPROVEMENT  
WASHINGTON, D.C. 20202

**FY 2005  
APPLICATION FOR GRANTS  
UNDER THE CREDIT ENHANCEMENT FOR  
CHARTER SCHOOL FACILITIES PROGRAM**

**CFDA Number: 84.354A**

**FORM APPROVED  
OMB No. 1855-0007, EXP. DATE 11/30/2007**



**DATED MATERIAL - OPEN IMMEDIATELY**

**Closing Date: 5/31/2005**

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# **PROGRAM STATUTE, REGULATIONS, AND APPLICATION NOTICE**

## PROGRAM STATUTE

### **Subpart 2 — Credit Enhancement Initiatives To Assist Charter School Facility Acquisition, Construction, and Renovation**

#### **SEC. 5221. PURPOSE.**

The purpose of this subpart is to provide grants to eligible entities to permit the eligible entities to demonstrate innovative credit enhancement initiatives that assist charter schools to address the cost of acquiring, constructing, and renovating facilities.

#### **SEC. 5222. GRANTS TO ELIGIBLE ENTITIES.**

(a) GRANTS- The Secretary shall use 100 percent of the amount available to carry out this subpart to award not less than three grants to eligible entities that have applications approved under this subpart to demonstrate innovative methods of assisting charter schools to address the cost of acquiring, constructing, and renovating facilities by enhancing the availability of loans or bond financing.

(b) GRANTEE SELECTION-

(1) EVALUATION OF APPLICATION- The Secretary shall evaluate each application submitted under section 5223, and shall determine whether the application is sufficient to merit approval.

(2) DISTRIBUTION OF GRANTS- The Secretary shall award at least one grant to an eligible entity described in section 5230(2)(A), at least one grant to an eligible entity described in section 5230(2)(B), and at least one grant to an eligible entity described in section 5230(2)(C), if applications are submitted that permit the Secretary to do so without approving an application that is not of sufficient quality to merit approval.

(c) GRANT CHARACTERISTICS- Grants under this subpart shall be of a sufficient size, scope, and quality so as to ensure an effective demonstration of an innovative means of enhancing credit for the financing of charter school acquisition, construction, or renovation.

(d) SPECIAL RULE- In the event the Secretary determines that the funds made available under this subpart are insufficient to permit the Secretary to award not less than three grants in accordance with subsections (a) through (c), such three-grant minimum and subsection (b)(2) shall not apply, and the Secretary may determine the appropriate number of grants to be awarded in accordance with subsection (c).

#### **SEC. 5223. APPLICATIONS.**

(a) IN GENERAL- To receive a grant under this subpart, an eligible entity shall submit to the Secretary an application in such form as the Secretary may reasonably require.

(b) CONTENTS- An application submitted under subsection (a) shall contain —

(1) a statement identifying the activities proposed to be undertaken with funds received under this subpart, including how the eligible entity will determine which charter schools will receive assistance, and how much and what types of assistance charter schools will receive;

(2) a description of the involvement of charter schools in the application's development and the design of the proposed activities;

(3) a description of the eligible entity's expertise in capital market financing;

(4) a description of how the proposed activities will leverage the maximum amount of private-sector financing capital relative to the amount of government funding used and otherwise enhance credit available to charter schools;

(5) a description of how the eligible entity possesses sufficient expertise in education to evaluate the likelihood of success of a charter school program for which facilities financing is sought;

(6) in the case of an application submitted by a State governmental entity, a description of the actions that the entity has taken, or will take, to ensure that charter schools within the State receive the funding the charter schools need to have adequate facilities; and

(7) such other information as the Secretary may reasonably require.

#### **SEC. 5224. CHARTER SCHOOL OBJECTIVES.**

An eligible entity receiving a grant under this subpart shall use the funds deposited in the reserve account established under section 5225(a) to assist one or more charter schools to access private sector capital to accomplish one or both of the following objectives:

(1) The acquisition (by purchase, lease, donation, or otherwise) of an interest (including an interest held by a third party for the benefit of a charter school) in improved or unimproved real property that is necessary to commence or continue the operation of a charter school.

(2) The construction of new facilities, or the renovation, repair, or alteration of existing facilities, necessary to commence or continue the operation of a charter school.

#### **SEC. 5225. RESERVE ACCOUNT.**

(a) USE OF FUNDS- To assist charter schools to accomplish the objectives described in section 5224, an eligible entity receiving a grant under this subpart shall, in accordance with State and local law, directly or indirectly, alone or in collaboration with others, deposit the funds received under this subpart (other than funds used for administrative costs in accordance with section 5226) in a reserve account established and maintained by the eligible entity for this purpose. Amounts deposited in such account shall be used by the eligible entity for one or more of the following purposes:

(1) Guaranteeing, insuring, and reinsuring bonds, notes, evidences of debt, loans, and interests therein, the proceeds of which are used for an objective described in section 5224.

(2) Guaranteeing and insuring leases of personal and real property for an objective described in section 5224.

(3) Facilitating financing by identifying potential lending sources, encouraging private lending, and other similar activities that directly promote lending to, or for the benefit of, charter schools.

(4) Facilitating the issuance of bonds by charter schools, or by other public entities for the benefit of charter schools, by providing technical, administrative, and other appropriate assistance (including the recruitment of bond counsel, underwriters, and potential investors and the consolidation of multiple charter school projects within a single bond issue).

(b) INVESTMENT- Funds received under this subpart and deposited in the reserve account established under subsection (a) shall be invested in obligations issued or guaranteed by the United States or a State, or in other similarly low-risk securities.

(c) REINVESTMENT OF EARNINGS- Any earnings on funds received under this subpart shall be deposited in the reserve account established under subsection (a) and used in accordance with such subsection.

#### **SEC. 5226. LIMITATION ON ADMINISTRATIVE COSTS.**

An eligible entity may use not more than 0.25 percent of the funds received under this subpart for the administrative costs of carrying out its responsibilities under this subpart.

#### **SEC. 5227. AUDITS AND REPORTS.**

(a) FINANCIAL RECORD MAINTENANCE AND AUDIT- The financial records of each eligible entity receiving a grant under this subpart shall be maintained in accordance with generally accepted accounting principles and shall be subject to an annual audit by an independent public accountant.

(b) REPORTS-

(1) GRANTEE ANNUAL REPORTS- Each eligible entity receiving a grant under this subpart annually shall submit to the Secretary a report of its operations and activities under this subpart.

(2) CONTENTS- Each annual report submitted under paragraph (1) shall include —

(A) a copy of the most recent financial statements, and any accompanying opinion on such statements, prepared by the independent public accountant reviewing the financial records of the eligible entity;

(B) a copy of any report made on an audit of the financial records of the eligible entity that was conducted under subsection (a) during the reporting period;

(C) an evaluation by the eligible entity of the effectiveness of its use of the Federal funds provided under this subpart in leveraging private funds;

(D) a listing and description of the charter schools served during the reporting period;

(E) a description of the activities carried out by the eligible entity to assist charter schools in meeting the objectives set forth in section 5224; and

(F) a description of the characteristics of lenders and other financial institutions participating in the activities undertaken by the eligible entity under this subpart during the reporting period.

(3) SECRETARIAL REPORT- The Secretary shall review the reports submitted under paragraph (1) and shall provide a comprehensive annual report to Congress on the activities conducted under this subpart.

**SEC. 5228. NO FULL FAITH AND CREDIT FOR GRANTEE OBLIGATIONS.**

No financial obligation of an eligible entity entered into pursuant to this subpart (such as an obligation under a guarantee, bond, note, evidence of debt, or loan) shall be an obligation of, or guaranteed in any respect by, the United States. The full faith and credit of the United States is not pledged to the payment of funds which may be required to be paid under any obligation made by an eligible entity pursuant to any provision of this subpart.

**SEC. 5229. RECOVERY OF FUNDS.**

(a) IN GENERAL- The Secretary, in accordance with chapter 37 of title 31, United States Code, shall collect —

(1) all of the funds in a reserve account established by an eligible entity under section 5225(a) if the Secretary determines, not earlier than 2 years after the date on which the eligible entity first received funds under this subpart, that the eligible entity has failed to make substantial progress in carrying out the purposes described in section 5225(a); or

(2) all or a portion of the funds in a reserve account established by an eligible entity under section 5225(a) if the Secretary determines that the eligible entity has permanently ceased to use all or a portion of the funds in such account to accomplish any purpose described in section 5225(a).

(b) EXERCISE OF AUTHORITY- The Secretary shall not exercise the authority provided in subsection (a) to collect from any eligible entity any funds that are being properly used to achieve one or more of the purposes described in section 5225(a).

(c) PROCEDURES- The provisions of sections 451, 452, and 458 of the General Education Provisions Act shall apply to the recovery of funds under subsection (a).

(d) CONSTRUCTION- This section shall not be construed to impair or affect the authority of the Secretary to recover funds under part D of the General Education Provisions Act.

**SEC. 5230. DEFINITIONS.**

In this subpart:

- (1) CHARTER SCHOOL- The term charter school' has the meaning given such term in section 5210.
- (2) ELIGIBLE ENTITY- The term eligible entity' means —
  - (A) a public entity, such as a State or local governmental entity;
  - (B) a private nonprofit entity; or
  - (C) a consortium of entities described in subparagraphs (A) and (B).

**SEC. 5231. AUTHORIZATION OF APPROPRIATIONS.**

For the purpose of carrying out this subpart, there are authorized to be appropriated \$150,000,000 for fiscal year 2002 and such sums as may be necessary for fiscal year 2003.

4000-01-U

DEPARTMENT OF EDUCATION

Office of Innovation and Improvement

Overview Information

Credit Enhancement for Charter School Facilities Program

Notice inviting applications for new awards for fiscal year  
(FY) 2005.

Catalog of Federal Domestic Assistance (CFDA) Number:

84.354A

Dates:

Applications Available: March 28, 2005.

Date of Pre-Application Meeting: May 6, 2005.

Deadline for Transmittal of Applications: May 31, 2005.

Deadline for Intergovernmental Review: August 1, 2005.

Eligible Applicants: (A) A public entity, such as a State or local governmental entity; (B) A private, nonprofit entity; or (C) A consortium of entities described in (A) and (B).

Note: The Secretary will make, if possible, at least one award in each of the three categories of eligible applicants.

Estimated Available Funds: \$36,940,000. Contingent upon the availability of funds and the quality of applications,



we may make additional awards in future years from the list of unfunded applications from this competition.

Estimated Range of Awards: \$2,500,000 - \$15,000,000.

Estimated Average Size of Awards: \$9,235,000.

Estimated Number of Awards: 3-5.

Note: The Department is not bound by any estimates in this notice.

Project Period: From the start date indicated on the grant award document until the Federal funds and earnings on those funds have been expended for the grant purposes or until financing facilitated by the grant has been retired, whichever is later.

Full Text of Announcement

#### I. Funding Opportunity Description

Purpose of Program: This program will provide grants to eligible entities to permit them to enhance the credit of charter schools so that they can access private-sector and other non-Federal capital to acquire, construct, and renovate facilities at a reasonable cost. Grant projects awarded under this program will be of sufficient size, scope, and quality to enable the grantees to implement effective strategies.

Priority: In accordance with 34 CFR 75.105(b)(2)(ii), this priority is from the regulations for this program (34 CFR

225.12), which are published elsewhere in this issue of the Federal Register.

Competitive Preference Priority: For FY 2005 this priority is a competitive preference priority. Under 34 CFR 75.105(c)(2)(i) we award up to an additional 15 points to an application, depending on how well the application meets this priority.

This priority is:

The capacity to offer public school choice in those communities with the greatest need for school choice based on--

(1) The extent to which the applicant would target services to geographic areas in which a large proportion or number of public schools have been identified for improvement, corrective action, or restructuring under Title I of the Elementary and Secondary Education Act of 1965 (ESEA), as amended by the No Child Left Behind Act of 2001;

(2) The extent to which the applicant would target services to geographic areas in which a large proportion of students perform below proficient on State academic assessments; and

(3) The extent to which the applicant would target services to communities with large proportions of students

from low-income families.

Program Authority: 20 U.S.C. 7223-7223j.

Applicable Regulations: (a) The Education Department General Administrative Regulations (EDGAR) in 34 CFR parts 74, 75, 77, 79, 80, 81, 82, 84, 85, 86, 97, 98, and 99.

(b) The regulations for this program in 34 CFR part 225, which are published elsewhere in this issue of the Federal Register.

Note: The regulations in 34 CFR part 79 apply to all applicants except federally recognized Indian tribes.

## II. Award Information

Type of Award: Discretionary grants.

Estimated Available Funds: \$36,940,000. Contingent upon the availability of funds and the quality of applications, we may make additional awards in future years from the list of unfunded applications from this competition.

Estimated Range of Awards: \$2,500,000 - \$15,000,000.

Estimated Average Size of Awards: \$9,235,000.

Estimated Number of Awards: 3-5.

Note: The Department is not bound by any estimates in this notice.

Project Period: From the start date indicated on the grant award document until the Federal funds and earnings on those funds have been expended for the grant purposes or

until financing facilitated by the grant has been retired, whichever is later.

### III. Eligibility Information

1. Eligible Applicants: (A) A public entity, such as a State or local governmental entity; (B) A private, nonprofit entity; or (C) A consortium of entities described in (A) and (B).

Note: The Secretary will make, if possible, at least one award in each of the three categories of eligible applicants.

2. Cost Sharing or Matching: This program does not require any cost sharing or matching.

3. Other: The charter schools that a grantee selects to benefit from this program must meet the definition of a charter school, as defined in the Charter Schools Program authorizing statute in section 5210(1) of the ESEA, as amended.

### IV. Application and Submission Information

1. Address to Request Application Package: Education Publications Center (ED Pubs), P.O. Box 1398, Jessup, MD 20794-1398. Telephone (toll free): 1-877-433-7827. FAX: (301) 470-1244. If you use a telecommunications device for the deaf (TDD), you may call (toll free): 1-877-576-7734.

You may also contact ED Pubs at its Web site:  
[www.ed.gov/pubs/edpubs.html](http://www.ed.gov/pubs/edpubs.html) or you may contact ED Pubs at  
its e-mail address: [edpubs@inet.ed.gov](mailto:edpubs@inet.ed.gov)

If you request an application from ED Pubs, be sure to  
identify this competition as follows: CFDA number 84.354A.

Individuals with disabilities may obtain a copy of the  
application package in an alternative format (e.g.,  
Braille, large print, audiotape, or computer diskette) by  
contacting the program contact persons listed elsewhere in  
this notice under For Further Information Contact (see VII.  
Agency Contacts).

In addition, applications will be available at  
<http://www.ed.gov/programs/charterfacilities/applicant.html>

2. Content and Form of Application Submission: Each  
Credit Enhancement for Charter School Facilities program  
application must include the following specific elements:

(a) A statement identifying the activities proposed  
to be undertaken with grant funds (the "grant project")  
including how the applicant will determine which charter  
schools will receive assistance, and how much and what  
types of assistance these schools will receive.

(b) A description of the involvement of charter  
schools in the application's development and in the design  
of the proposed grant project.

(c) A description of the applicant's expertise in capital markets financing. (Consortium applicants must list information for each of the participating organizations.)

(d) A description of how the proposed grant project will leverage the maximum amount of private-sector and other non-Federal capital relative to the amount of Credit Enhancement for Charter School Facilities program funding used and how the proposed grant project will otherwise enhance credit available to charter schools.

(e) A description of how the eligible entity possesses sufficient expertise in education to evaluate the likelihood of success of a charter school program for which facilities financing is sought.

(f) In the case of an application submitted by a State governmental entity, a description of current and planned State funding actions and other forms of financial assistance to ensure that charter schools receive the funding they need to have adequate facilities.

Additional requirements concerning the content of an application, together with the forms you must submit, are in the application package for this program.

Page Limit: We have found that reviewers are able to conduct the highest-quality review when applications are

concise and easy to read. Applicants are encouraged to limit their applications to no more than 50 double-spaced pages (not including the required forms and tables), to use a 12-point or larger-size font with one-inch margins at the top, bottom, and both sides, and to number pages consecutively. Furthermore, applicants are strongly encouraged to include a table of contents that specifies where each required part of the application is located.

3. Submission Dates and Times:

Applications Available: March 28, 2005.

Date of Pre-Application Meeting: May 6, 2005.

Deadline for Transmittal of Applications: May 31, 2005.

Applications for grants under this program may be submitted by mail or hand delivery. For information (including dates and times) about how to submit your application by mail or hand delivery, please refer to section IV. 6. Other Submission Requirements in this notice.

We do not consider an application that does not comply with the deadline requirements.

Deadline for Intergovernmental Review: August 1, 2005.

4. Intergovernmental Review: This program is subject to Executive Order 12372 and the regulations in 34 CFR part 79. Information about Intergovernmental Review of Federal

Programs under Executive Order 12372 is in the application package for this program.

5. Funding Restrictions:

(a) Reserve accounts. Grant recipients, in accordance with State and local law, must deposit the grant funds received under this program (other than funds used for administrative costs) in a reserve account established and maintained by the grantee for this purpose. Amounts deposited in such account shall be used by the grantee for one or more of the following purposes in order to assist charter schools in accessing private-sector and other non-Federal capital:

(1) Guaranteeing, insuring, and reinsuring bonds, notes, evidences of debt, loans, and interests therein.

(2) Guaranteeing and insuring leases of personal and real property.

(3) Facilitating financing by identifying potential lending sources, encouraging private lending, and other similar activities that directly promote lending to, or for the benefit of, charter schools.

(4) Facilitating the issuance of bonds by charter schools or by other public entities for the benefit of charter schools, by providing technical, administrative, and other appropriate assistance (such as the recruitment



of bond counsel, underwriters, and potential investors and the consolidation of multiple charter school projects within a single bond issue).

Funds received under this program and deposited in the reserve account must be invested in obligations issued or guaranteed by the United States or a State, or in other similarly low-risk securities. Any earnings on funds, including fees, received under this program must be deposited in the reserve account and be used in accordance with the requirements of this program.

(b) Charter school objectives. An eligible entity receiving a grant under this program must use the funds deposited in the reserve account to assist charter schools in accessing capital to accomplish one or both of the following objectives:

(1) The acquisition (by purchase, lease, donation, or otherwise) of an interest (including an interest held by a third party for the benefit of a charter school) in improved or unimproved real property that is necessary to commence or continue the operation of a charter school.

(2) The construction of new facilities, or the renovation, repair, or alteration of existing facilities, necessary to commence or continue the operation of a charter school.

(c) Other. Grantees must ensure that all costs incurred using funds from the reserve account are reasonable. The full faith and credit of the United States are not pledged to the payment of funds under such obligation.

Applicants that are selected to receive an award must enter into a written Performance Agreement with the Department prior to drawing down funds, unless the grantee receives written permission from the Department in the interim to draw down a specific limited amount of funds. Grantees must maintain and enforce standards of conduct governing the performance of their employees, officers, directors, trustees, and agents engaged in the selection, award, and administration of contracts or agreements related to this grant. The standards of conduct must mandate disinterested decision-making.

A grantee may use not more than 0.25 percent (one quarter of one percent) of the grant funds for the administrative costs of the grant.

The Secretary, in accordance with chapter 37 of title 31, United States Code, will collect all of the funds in the reserve account established with grant funds (including any earnings on those funds) if the Secretary determines that the grantee has permanently ceased to use all or a

portion of the funds in such account to accomplish the purposes described in the authorizing statute and the Performance Agreement or, if not earlier than two years after the date on which the entity first receives these funds, the entity has failed to make substantial progress in undertaking the grant project.

The charter schools that a grantee selects to benefit from this program must meet the definition of a charter school, as defined in the Public Charter Schools Program authorizing statute in section 5210(1) of the ESEA, as amended.

(d) We reference additional regulations outlining funding restrictions in the Applicable Regulations section of this notice.

6. Other Submission Requirements: Applications for grants under this program must be submitted in paper format by mail or hand delivery.

a. Submission of Applications by Mail.

If you submit your application by mail (through the U.S. Postal Service or a commercial carrier), you must mail the original and three copies of your application, on or before the application deadline date, to the Department at the applicable following address:

By mail through the U.S. Postal Service:

U.S. Department of Education  
Application Control Center  
Attention: (CFDA Number 84.354A)  
400 Maryland Avenue, SW.  
Washington, DC 20202-4260

or

By mail through a commercial carrier:

U.S. Department of Education  
Application Control Center - Stop 4260  
Attention: (CFDA Number 84.354A)  
7100 Old Landover Road  
Landover, MD 20785-1506

Regardless of which address you use, you must show  
proof of mailing consisting of one of the following:

- (1) A legibly dated U.S. Postal Service postmark;
- (2) A legible mail receipt with the date of mailing  
stamped by the U.S. Postal Service;
- (3) A dated shipping label, invoice, or receipt from  
a commercial carrier; or
- (4) Any other proof of mailing acceptable to the  
Secretary of the U.S. Department of Education.

If you mail your application through the U.S. Postal  
Service, we do not accept either of the following as proof  
of mailing:

- (1) A private metered postmark, or
- (2) A mail receipt that is not dated by the U.S.  
Postal Service.

If your application is postmarked after the application deadline date, we will not consider your application.

Note: The U.S. Postal Service does not uniformly provide a dated postmark. Before relying on this method, you should check with your local post office.

b. Submission of Applications by Hand Delivery.

If you submit your application by hand delivery, you (or a courier service) must deliver the original and three copies of your application by hand, on or before the application deadline date, to the Department at the following address:

U.S. Department of Education  
Application Control Center  
Attention: (CFDA Number 84.354A)  
550 12th Street, SW.  
Room 7041, Potomac Center Plaza  
Washington, DC 20202-4260

The Application Control Center accepts hand deliveries daily between 8:00 a.m. and 4:30 p.m., Washington, DC time, except Saturdays, Sundays, and Federal holidays.

Note for Mail or Hand Delivery of Paper Applications: If you mail or hand deliver your application to the Department:

(1) You must indicate on the envelope and - if not provided by the Department - in Item 4 of the Application

for Federal Education Assistance (ED 424) the CFDA number - and suffix letter, if any - of the competition under which you are submitting your application.

(2) The Application Control Center will mail a grant application receipt acknowledgment to you. If you do not receive the grant application receipt acknowledgment within 15 business days from the application deadline date, you should call the U.S. Department of Education Application Control Center at (202) 245-6288.

#### V. Application Review Information

1. Selection Criteria: The selection criteria for this program are in 34 CFR 225.11.

2. Review and Selection Process: Additional factors we consider in selecting an application for an award are in 34 CFR 225.12.

#### VI. Award Administration Information

1. Award Notices: If your application is successful, we notify your U.S. Representative and U.S. Senators and send you a Grant Award Notice (GAN). We may also notify you informally.

If your application is not evaluated or not selected for funding, we notify you.

2. Administrative and National Policy Requirements: We identify administrative and national policy requirements

in the application package and reference these and other requirements in the Applicable Regulations section of this notice.

We reference the regulations outlining the terms and conditions of an award in the Applicable Regulations section of this notice and include these and other specific conditions in the GAN. The GAN also incorporates your approved application as part of your binding commitments under the grant.

3. Reporting: Applicants selected for funding will be required to submit the following reports to the Department:

(a) An annual report that includes the information from section 5227(b) of the ESEA and any other information the Secretary may require in the performance report.

(b) A semiannual report that includes internal financial statements and other information as the Secretary may require.

Grantees must also cooperate and assist the Department with any periodic financial and compliance audits of the grantee, as determined necessary by the Department. The specific Performance Agreement between the grantee and the Department may contain additional reporting requirements.

(c) At the end of your project period, you must submit a final performance report, including financial information, as directed by the Secretary.

4. Performance Measures: The performance measures for this program are: (1) the amount of funding grantees leverage for charter schools to acquire, construct, and renovate school facilities and (2) the number of charter schools served. Grantees must provide this information as part of their annual performance reports.

#### VII. Agency Contacts

For Further Information Contact: Ann Margaret Galiatsos or Jim Houser, U.S. Department of Education, 400 Maryland Avenue, SW., room 4W245, Washington, DC 20202-6140.  
Telephone: (202) 205-9765 or by e-mail:  
charter.facilities@ed.gov

If you use a telecommunications device for the deaf (TDD), you may call the Federal Relay Service (FRS) at 1-800-877-8339.

Individuals with disabilities may obtain this document in an alternative format (e.g., Braille, large print, audiotape, or computer diskette) on request to the program contact persons listed in this section.

#### VIII. Other Information



Electronic Access to This Document: You may view this document, as well as all other documents of this Department published in the Federal Register, in text or Adobe Portable Document Format (PDF) on the Internet at the following site: [www.ed.gov/news/fedregister](http://www.ed.gov/news/fedregister)

To use PDF you must have Adobe Acrobat Reader, which is available free at this site. If you have questions about using PDF, call the U.S. Government Printing Office (GPO), toll free, at 1-888-293-6498; or in the Washington, DC, area at (202) 512-1530.

Note: The official version of this document is the document published in the Federal Register. Free Internet access to the official edition of the Federal Register and the Code of Federal Regulations is available on GPO Access at: [www.gpoaccess.gov/nara/index.html](http://www.gpoaccess.gov/nara/index.html)

Dated:

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Michael J. Petrilli,  
Acting Assistant Deputy Secretary  
for Innovation and Improvement.

4000-01-U

DEPARTMENT OF EDUCATION

34 CFR Part 225

RIN 1855-AA02

Credit Enhancement for Charter School Facilities Program

AGENCY: Office of Innovation and Improvement, Department of Education.

ACTION: Final regulations.

SUMMARY: The Secretary issues these final regulations to administer the Credit Enhancement for Charter School Facilities program, and its predecessor, the Charter School Facilities Financing Demonstration Grant program. Under this program, the Department provides competitive grants to entities that are non-profit or public or are consortia of these entities to demonstrate innovative credit enhancement strategies to assist charter schools in acquiring, constructing, and renovating facilities through loans, bonds, other debt instruments, or leases.

DATES: These regulations are effective (INSERT DATE 30 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER).

FOR FURTHER INFORMATION CONTACT: Ann Margaret Galiatsos or Jim Houser, U.S. Department of Education, 400 Maryland

Avenue, SW., room 4W245, FB-6, Washington, DC 20202-6140.

Telephone: (202) 205-9765 or via Internet, at:

charter.facilities@ed.gov

If you use a telecommunications device for the deaf (TDD), you may call the Federal Relay Service (FRS) at 1-800-877-8339.

Individuals with disabilities may obtain this document in an alternative format (e.g., Braille, large print, audiotape, or computer diskette) on request to the contact persons listed under FOR FURTHER INFORMATION CONTACT.

#### SUPPLEMENTARY INFORMATION:

##### Background

These final regulations apply to both (a) the Credit Enhancement for Charter School Facilities program, which is authorized under title V, part B, subpart 2 of the Elementary and Secondary Education Act of 1965 (the Act), as amended by the No Child Left Behind Act of 2001 (Pub. L. 107-110, enacted January 8, 2002) and (b) its predecessor, the Charter School Facilities Financing Demonstration Grant program, as authorized by title X, part C, subpart 2 of the Act through the Department of Education Appropriations Act, 2001 as enacted by the Consolidated Appropriations Act, 2001. The purpose of this program is to assist charter schools in meeting their facilities needs. Under this

program, funds are provided on a competitive basis to public and nonprofit entities, and consortia of these entities, to leverage other funds and help charter schools acquire school facilities through such means as purchase, lease, and donation. Grantees may also use grants to leverage other funds to help charter schools construct and renovate school facilities.

To help leverage funds for charter school facilities, grant recipients may, among other things: guarantee and insure debt, including bonds, to finance charter school facilities; guarantee and insure leases for personal and real property; facilitate a charter school's facilities financing by identifying potential lending sources, encouraging private lending, and carrying out other, similar activities; and establish temporary charter school facilities that new charter schools may use until they can acquire a facility on their own.

Sections in these regulations that govern the management of grants apply to grants under both the Credit Enhancement for Charter School Facilities program and its predecessor, the Charter School Facilities Financing Demonstration Grant program. These two programs are virtually identical, and grants made under them will operate for several years. Sections related to grantee

selection apply only to grant competitions conducted after fiscal year (FY) 2004.

#### Discussion of regulations

The primary purpose of these regulations is to establish selection criteria for this complex program's discretionary grant competitions after FY 2004. Since we seek to award grants to high-quality applicants with high-quality plans for use of their grant funds, these criteria essentially include assessments on the quality of the applicant and the quality of the applicant's plan. The criteria also assess how applicants propose to leverage private or public-sector funding and increase the number and variety of charter schools assisted in meeting their facilities needs. The selection criteria are similar to those we have used in the two previous competitions for this program. As noted in the Background Section, this regulation also includes several provisions that govern the ongoing management of the grants already awarded in preceding fiscal years.

#### Analysis of Comments and Changes

On October 22, 2004, the Secretary published a notice of proposed rulemaking (NPRM) for this program in the Federal Register (69 FR 62008). In response to the Secretary's invitation in the NPRM, four parties submitted

comments on the proposed regulations. An analysis of the comments and of the changes in the regulations since publication of the NPRM follows. We discuss substantive issues under the subparts of the regulations to which they pertain. Generally, we do not address technical and other minor changes.

#### Subpart A - General

Comment: A commenter thought that §225.1 would be clearer if it explicitly mentioned that the purposes of the program included helping charter schools construct or renovate school buildings.

Discussion: The Department agrees that helping charter schools construct or renovate school buildings is an objective of the program.

Change: The regulations now reference construction and renovation under §225.1(b)(1).

Comment: One commenter sought a change to how the Department is implementing 34 CFR 74.24 as it relates to guarantee fees assessed by program participants. The commenter sought to have the flexibility to use these fees for purposes other than just the four purposes of the reserve account described under section 5225 of the program statute, which are to--

- Guarantee and insure debt;

- Guarantee and insure leases;
- Facilitate lending; and
- Facilitate bonding.

Discussion: Guarantee fees based on the Federal grant funds are program income. Program income is income that is directly earned from the grant. If the Federal grant funds are being directly pledged as a guarantee to earn fees, these fees are directly earned by the grant.

Under most Federal grant programs, the size of the grant is typically reduced by the amount of any program income earned. Under this program, however, the statute specifies that grantees may use their grants to earn funds as long as the earned funds are placed in the reserve account and used for the designated four reserve account purposes.

Since the program's statutory authority does not authorize the Secretary to allow grantees to use reserve account earnings for purposes other than the four reserve account purposes, it is not permissible to implement the proposed change.

Change: None.

Subpart B -- How Does the Secretary Award a Grant?

Comment: One commenter indicated that it supported the proposed selection criteria under §§225.11 and 225.12.

Discussion: The Department has made minor changes to clarify the selection criteria as noted below based on other comments. These changes are not substantive in nature.

Change: Some technical changes are made as noted below.

Comment: One commenter recommended that the selection criteria emphasize a preference for proposals that would make credit both more available and affordable to charter schools in their respective States through partnerships with State or local government entities. The commenter sought to enhance the long-term impact of this program by providing an incentive to State governments to provide financing to charter schools to obtain facilities.

Discussion: The Department believes that grant projects from public entities, such as State and local governments, that make facility financing more readily available and less expensive for charter schools is desirable. The program statute requires the Department to fund at least one grant application from a public entity, one from a non-profit, and another from a consortium, provided that each is of sufficient merit. The Department does not want to provide a preference for one of these three types of applicants over the other two because it seeks to fund those applications that will be of the greatest benefit to



charter schools. The Department was unable to fund any applications from public entities under the first grant competition for this program, but it provided considerable technical assistance to public entities during the second grant competition and funded two grant applications from public entities in that competition.

In addition, the proposed selection criteria address making credit more available and affordable. Selection criterion §225.11(b)(4) takes into account serving charter schools with the greatest need, thereby emphasizing the importance of increasing the availability of credit to charter schools that would otherwise lack it. Selection criterion §225.11(a)(1) emphasizes providing better rates and terms on loans, which encourages grant applicants to provide affordable financing.

The program statute and the selection criteria already provide considerable incentive for a public entity to submit the type of grant application it seeks to promote. The Department will continue to provide technical assistance to public entities to encourage them to submit proposals that make facility financing more accessible and affordable to charter schools.

Change: None.

Comment: One commenter thought that the selection criteria encourage taxable financing rather than providing tax-exempt bonds, which may be more beneficial to borrowers. The commenter thought that the current selection criteria appear to favor applicants that have pre-existing relationships with financial institutions. The commenter indicated that tax-exempt bond financing by definition does not involve pre-identified investors because tax-exempt bond financing raises capital by selling bonds to investors enticed by the sellers' potential.

Discussion: The Department agrees that the program should promote tax-exempt bond financing for charter schools when practicable. The selection criterion §225.11(a)(1) would help promote applications that provide tax-exempt bond financing, since charter schools would benefit from lower interest rates in the tax-exempt market.

The Department does not believe that the selection criteria harm applicants that cannot identify investors at the time they apply for their grant. For instance, one of the Department's current grantees successfully submitted a grant application indicating that it planned to credit-enhance tax-exempt bonds for charter schools. The grantee did so by demonstrating its ability to recruit financial institutions, including institutions with substantial

experience in tax-exempt financing, that will work with charter schools. Consequently, the Department believes that an applicant proposing to provide tax-exempt bonds that demonstrate the ability to market bonds successfully to investors could also be successful.

Change: None.

Comment: A commenter was concerned that the reference to "better rates" under §225.11(a)(1) might either--

- Inadvertently favor direct lending institutions that use their grants to credit-enhance their own charter school facility loans; or

- Cause charter school organizations with stronger credit histories that can qualify for "better rates and terms" to "bump" less credit worthy, including most new charter schools.

Discussion: This criterion is not designed to favor grant applicants using one type of model over applicants using other types. For instance, an applicant that does not make loans itself but instead works with a different lender on a loan-by-loan basis could help charter schools shop for the best rates and terms on facility financing among several investors.

The criterion is designed to reward applicants that can provide charter schools -- whose students are the

ultimate beneficiaries under the program -- with good rates and terms on facility financing. The term "better rates and terms" applies to both those charter schools that already have access to credit and those that do not. An applicant would not be providing better rates and terms to a low-risk charter school if it provided it with an interest rate and under the same terms that the school could obtain without assistance through the program. Furthermore, selection criterion §225.11(b)(4) already addresses the risk level of charter schools to be served so that applicants will not try to achieve low interest rates and good loan terms by serving charter schools that already have access to attractive financing for facilities.

Change: None.

Comment: One commenter, a group consisting largely of institutions that directly lend funds to charter schools, objected to including the language regarding "better rates and terms" under §225.11(a)(1), because it thought that--

- The primary purpose of the program should be to provide access to capital; and
- The criterion contradicts the goal to leverage funds under §225.11(a)(6).

In addition, the commenter thought that "better" needed to be defined since some charter schools have no access to capital at all.

Discussion: The Department believes that the program should serve dual purposes--

- To provide access to capital; and
- To provide better rates and terms on charter school facility financing.

The Department believes that if an applicant proposed to (1) serve charter schools that already have access to capital; and (2) provide these schools with the same rates and terms charter schools can receive, absent assistance from a grantee, the applicant should justify why such an approach is in the best interest of charter schools. If an applicant proposed to provide financing to a charter school that would otherwise have no access to financing at all, the applicant would be providing better rates and terms to the charter school than it could otherwise obtain absent the program. However, the Department does not see the need to codify a definition of "better" and prefers to allow applicants to address how their proposals are beneficial to charter schools so that its external grant readers can determine if they are better than what charter schools can obtain absent assistance from the program.

The Department agrees that particularly low interest rates may require relatively high levels of credit enhancement that would result in low leveraging ratios. Applicants must determine how to best balance this trade-off in the interest of charter schools. Since the Department believes that providing charter schools access to capital addresses §225.11(a)(1), it does not view this provision as encouraging applicants to lower their leveraging ratios.

Change: None.

Comment: One commenter thought that inserting the words "more than they would" in §225.11(a)(6) would help clarify the meaning of the criterion.

Discussion: The Department concurs.

Change: Similar language is added.

Comment: One commenter thought that the program should support passage of strong charter school laws in the States. The commenter thought that the Department could accomplish this by focusing those grants on entities that will help enhance credit for charter schools that operate in States with strong charter school laws.

Discussion: The Department agrees that the program should help encourage States to pass strong charter school laws. The proposed regulations included a provision

(§225.11(a)(7)) that would for the first time take into account the strength of these laws. The Department believes that the proposed regulation addressed the commenter's concern.

Change: None.

Comment: One commenter thought that the program should not include §225.11(a)(7), which encourages applicants to serve States with strong charter school laws. The commenter thought that this would work against the Department's goal of serving charter schools in communities with the greatest need for school choice.

Discussion: The Department agrees that the program should help serve communities with the greatest need for school choice. The Department provides up to 15 points to grant applicants on this basis under §225.12. Furthermore the Department encourages applicants to serve charter schools with the greatest need under the provision in §225.11(b)(4). The Department, however, also wants to encourage States to pass strong charter school laws.

Change: None.

Comment: One commenter recommended that the selection criteria place a greater emphasis on and preference for proposals that offer new approaches that have not yet been demonstrated.

Discussion: The Department believes innovative projects that have not yet been demonstrated can be beneficial, as can projects that employ approaches that have already demonstrated that they successfully meet the needs of charter schools. Since the Department seeks to fund applications that will be of the greatest benefit to charter schools, it prefers not to favor one type of project over another.

Change: None.

Comment: One commenter recommended that the selection criteria more explicitly emphasize a preference for proposals that would help create permanent credit enhancement programs for charter schools that will extend beyond the life of the grant program and be replicable through State policies.

Discussion: The Department agrees that a grant proposal that exceeded the life of the grant program and that States could replicate could be of great benefit to charter schools. The Department also believes that a proposal that would create a permanent credit enhancement program would likely score high under the proposed selection criteria. These grants do not end until all of the grant funds are spent or the debt guaranteed by grant is no longer



outstanding. The life span of the funded grants varies from about five years to over twenty years.

The program statute requires the Department to fund at least one grant application from a public entity, provided that it is of sufficient merit. Furthermore, selection criterion §225.11(c)(7) emphasizes the extent to which States have or will meet charter schools' facility funding needs. In addition, selection criterion §225.11(a)(4) addresses the extent to which proposed grant projects are replicable. The Department itself plans to evaluate its grantees and disseminate successful models that are replicable.

Change: None.

Comment: One commenter thought that the program has not always taken advantage of economies of scale and that the Department should give larger grants to fewer recipients in order to reduce interest rates for charter schools.

Discussion: The Department also wants to take advantage of economies of scale, when possible. The Education Department General Administrative Regulations (EDGAR) address how grants are funded under 34 CFR 75.217 and the Department does not believe that it would be appropriate to revise these criteria for this particular program.

Change: None.

Comment: One commenter wanted the selection criteria to reward applicants that have demonstrated--

- The ability to assist charter schools over a wide geographic area; and
- The willingness to credit-enhance charter school facility financing transactions with the most risk, i.e., guarantees for "start-up" and new charter schools, including leasehold improvement loans.

Discussion: One of the goals the Department set when establishing these selection criteria was to not restrict applicants from proposing innovative applications. One type of innovative application might be to establish a secondary market for charter school loans. A secondary market would likely be limited to several States so that investors could reasonably become familiar with the risk associated with serving charter schools in those particular States. If a selection criterion was added that encouraged applicants to serve a wide geographic area, it might discourage applicants from working with a given set of States to help develop a secondary loan market for charter schools.

The Department does not want to provide a preference for one type of application over other types because it seeks to fund those applications that will be of the

greatest benefit to charter schools. In addition, defining what a wide geographic area means could prove difficult, since it potentially involves the distance between charter schools that would receive services from an applicant.

An applicant that had the ability to serve a geographically diverse area could propose to target States that are relatively underserved. This could enable the applicant to better target charter schools with the "greatest demonstrated need" under §225.11(b)(4).

The selection criteria already take the risk level of charter schools into account under §225.11(b)(4) by encouraging applicants to assist "charter schools with a likelihood of success and the greatest demonstrated need for assistance under the program." This criterion is designed to encourage applicants to serve charter schools with the need for assistance, including new charter schools and schools seeking leasehold improvement loans. The criterion also includes the likelihood of success of a charter school since the Department would not want to encourage applicants to take unwarranted risk.

Change: None.

Subpart C -- What Conditions Must Be Met By a Grantee?

Comment: One commenter thought that the Department should evaluate the Credit Enhancement for Charter School

Facilities grants program, if possible by using national activity funds under the Charter Schools Program.

Discussion: The Department concurs and plans to evaluate the program using these funds. However, the Department does not generally promulgate regulations about what programs it evaluates and how it funds its evaluations.

Change: None.

Comment: A commenter thought that the term "reserve account" should be defined. The commenter noted that the list of definitions under §225.4 does not reference a definition of the term in either EDGAR or in the statute.

Discussion: Neither EDGAR nor the program statute define this term. Section 5225 of the program statute, however, clearly indicates how the reserve account operates. The Department does not attempt to repeat the entire statute in these regulations and believes the statute provides sufficient clarification as to what is meant by a reserve account.

Change: None.

Comment: A commenter thought that §225.21(b) could be interpreted as preventing grantees from paying contractors directly in the event of a default.

Discussion: The language does not prevent grantees from directly paying contractors in the event of a default. The

section is not intended to provide an extensive list of impermissible uses of the funds or exceptions to the impermissible uses.

Change: The regulation now clearly indicates that contractors may be paid directly in the case of a default.

#### Executive Order 12866

We have reviewed these final regulations in accordance with Executive Order 12866. Under the terms of the order we have assessed the potential costs and benefits of this regulatory action.

The potential costs associated with the final regulations are those resulting from statutory requirements and those we have determined to be necessary for administering this program effectively and efficiently.

In assessing the potential costs and benefits--both quantitative and qualitative--of these final regulations, we have determined that the benefits justify the costs.

We have also determined that this regulatory action does not unduly interfere with State, local, and tribal governments in the exercise of their governmental functions.

#### Summary of potential costs and benefits

We summarized the potential costs and benefits of these final regulations in the preamble to the NPRM (69 FR

62009). We include additional discussion of potential costs and benefits in the section of this preamble titled Analysis of Comments and Changes.

#### Paperwork Reduction Act of 1995

The Paperwork Reduction Act of 1995 does not require you to respond to a collection of information unless it displays a valid OMB control number. The collection of information in these final regulations has been approved by OMB under control number 1855-0007. This control number also is listed in the final regulations at the end of the affected sections in the final regulations.

#### Intergovernmental Review

This program is subject to Executive Order 12372 and the regulations in 34 CFR part 79. One of the objectives of the Executive order is to foster an intergovernmental partnership and a strengthened federalism. The Executive order relies on processes developed by State and local governments for coordination and review of proposed Federal financial assistance.

This document provides early notification of our specific plans and actions for this program.

#### Electronic Access to This Document

You may view this document, as well as all other Department of Education documents published in the Federal

Register, in text or Adobe Portable Document Format (PDF) on the Internet at the following site:

[www.ed.gov/news/fedregister](http://www.ed.gov/news/fedregister)

To use PDF you must have Adobe Acrobat Reader, which is available free at this site. If you have questions about using PDF, call the U.S. Government Printing Office (GPO), toll free, at 1-888-293-6498; or in the Washington, DC, area at (202) 512-1530.

You may also view this document in PDF at the following site:

<http://www.ed.gov/programs/charterfacilities/index.html>

Note: The official version of this document is the document published in the Federal Register. Free Internet access to the official edition of the Federal Register and the Code of Federal Regulations is available on GPO Access at:

<http://www.gpoaccess.gov/nara/index.html>

(Catalog of Federal Domestic Assistance Number 84.354A Credit Enhancement for Charter School Facilities Program.) The Secretary of Education has delegated authority to the Assistant Deputy Secretary for Innovation and Improvement to issue these amendments to 34 CFR Chapter II.

List of Subjects in 34 CFR Part 225

Charter Schools, Credit Enhancement, Education,  
Educational facilities, Elementary and secondary education,  
Grant programs-education, Report and recordkeeping  
requirements, Schools.

Dated:

Michael J. Petrilli,  
Acting Assistant Deputy Secretary  
for Innovation and Improvement.



For the reasons discussed in the preamble, the Secretary amends title 34 of the Code of Federal Regulations by adding a new part 225 to read as follows:

PART 225--CREDIT ENHANCEMENT FOR CHARTER SCHOOL FACILITIES PROGRAM

Subpart A--General

Sec.

- 225.1 What is the Credit Enhancement for Charter School Facilities Program?
- 225.2 Who is eligible to receive a grant?
- 225.3 What regulations apply to the Credit Enhancement for Charter School Facilities Program?
- 225.4 What definitions apply to the Credit Enhancement for Charter School Facilities Program?

Subpart B--How Does the Secretary Award a Grant?

- 225.10 How does the Secretary evaluate an application?
- 225.11 What selection criteria does the Secretary use in evaluating an application for a Credit Enhancement for Charter Schools Facilities grant?
- 225.12 What funding priority may the Secretary use in making a grant award?

Subpart C--What Conditions Must Be Met by a Grantee?

- 225.20 When may a grantee draw down funds?
- 225.21 What are some examples of impermissible uses of reserve account funds?

AUTHORITY: 20 U.S.C. 7223, unless otherwise noted.

Subpart A - General

§225.1 What is the Credit Enhancement for Charter School Facilities Program?

(a) The Credit Enhancement for Charter School Facilities Program provides grants to eligible entities to assist charter schools in obtaining facilities.

(b) Grantees use these grants to do the following:

(1) Assist charter schools in obtaining loans, bonds, and other debt instruments for the purpose of obtaining, constructing, and renovating facilities.

(2) Assist charter schools in obtaining leases of facilities.

(c) Grantees may demonstrate innovative credit enhancement initiatives while meeting the program purposes under paragraph (b) of this section.

(d) For the purposes of these regulations, the Credit Enhancement for Charter School Facilities Program includes grants made under the Charter School Facilities Financing Demonstration Grant Program.

(Authority: 20 U.S.C. 7223)

§225.2 Who is eligible to receive a grant?

The following are eligible to receive a grant under this part:

(a) A public entity, such as a State or local governmental entity;

(b) A private nonprofit entity; or

(c) A consortium of entities described in paragraphs (a) and (b) of this section.

(Authority: 20 U.S.C. 7223a; 7223i(2))

§225.3 What regulations apply to the Credit Enhancement for Charter School Facilities Program?

The following regulations apply to the Credit Enhancement for Charter School Facilities Program:

(a) The Education Department General Administrative Regulations (EDGAR) as follows:

(1) 34 CFR part 74 (Administration of Grants and Agreements with Institutions of Higher Education, Hospitals, and other Non-Profit Organizations).

(2) 34 CFR part 75 (Direct Grant Programs).

(3) 34 CFR part 77 (Definitions that Apply to Department Regulations).

(4) 34 CFR part 79 (Intergovernmental Review of Department of Education Programs and Activities).

(5) 34 CFR part 80 (Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments).

(6) 34 CFR part 81 (General Educational Provisions Act--Enforcement).

(7) 34 CFR part 82 (New Restrictions on Lobbying).

(8) 34 CFR part 84 (Governmentwide Requirements for Drug-Free Workplace (Grants)).

(9) 34 CFR part 85 (Governmentwide Debarment and Suspension (Nonprocurement)).

(10) 34 CFR part 97 (Protection of Human Subjects).

(11) 34 CFR part 98 (Student Rights in Research, Experimental Programs, and Testing).

(12) 34 CFR part 99 (Family Educational Rights and Privacy).

(b) The regulations in this part 225.

(Authority: 20 U.S.C. 1221e-3; 1232)

§225.4 What definitions apply to the Credit Enhancement for Charter School Facilities Program?

(a) Definitions in the Act. The following term used in this part is defined in section 5210 of the Elementary and Secondary Education Act of 1965, as amended by the No Child Left Behind Act of 2001:

Charter school

(b) Definitions in EDGAR. The following terms used in this part are defined in 34 CFR 77.1:

Acquisition

Applicant

Application

Award

Department

EDGAR

Facilities

Grant

Grantee

Nonprofit

Private

Project

Public

Secretary

(Authority: 20 U.S.C. 7221(i)(1); 7223d)

Subpart B -- How Does the Secretary Award a Grant?

§225.10 How does the Secretary evaluate an application?

(a) The Secretary evaluates an application on the basis of the criteria in §225.11.

(b) The Secretary awards up to 100 points for these criteria.

(c) The maximum possible score for each criterion is indicated in parentheses.

(Authority: 20 U.S.C. 7223; 1232)

§225.11 What selection criteria does the Secretary use in evaluating an application for a Credit Enhancement for Charter School Facilities grant?

The Secretary uses the following criteria to evaluate an application for a Credit Enhancement for Charter School Facilities grant:

(a) Quality of project design and significance. (35 points) In determining the quality of project design and significance, the Secretary considers--

(1) The extent to which the grant proposal would provide financing to charter schools at better rates and terms than they can receive absent assistance through the program;

(2) The extent to which the project goals, objectives, and timeline are clearly specified, measurable, and appropriate for the purpose of the program;

(3) The extent to which the project implementation plan and activities, including the partnerships established, are likely to achieve measurable objectives that further the purposes of the program;

(4) The extent to which the project is likely to produce results that are replicable;

(5) The extent to which the project will use appropriate criteria for selecting charter schools for

assistance and for determining the type and amount of assistance to be given;

(6) The extent to which the proposed activities will leverage private or public-sector funding and increase the number and variety of charter schools assisted in meeting their facilities needs more than would be accomplished absent the program;

(7) The extent to which the project will serve charter schools in States with strong charter laws, consistent with the criteria for such laws in section 5202(e)(3) of the Elementary and Secondary Education Act of 1965; and

(8) The extent to which the requested grant amount and the project costs are reasonable in relation to the objectives, design, and potential significance of the project.

(b) Quality of project services. (15 points) In determining the quality of the project services, the Secretary considers--

(1) The extent to which the services to be provided by the project reflect the identified needs of the charter schools to be served;

(2) The extent to which charter schools and chartering agencies were involved in the design of, and demonstrate support for, the project;

(3) The extent to which the technical assistance and other services to be provided by the proposed grant project involve the use of cost-effective strategies for increasing charter schools' access to facilities financing, including the reasonableness of fees and lending terms; and

(4) The extent to which the services to be provided by the proposed grant project are focused on assisting charter schools with a likelihood of success and the greatest demonstrated need for assistance under the program.

(c) Capacity. (35 points) In determining an applicant's business and organizational capacity to carry out the project, the Secretary considers--

(1) The amount and quality of experience of the applicant in carrying out the activities it proposes to undertake in its application, such as enhancing the credit on debt issuances, guaranteeing leases, and facilitating financing;

(2) The applicant's financial stability;

(3) The ability of the applicant to protect against unwarranted risk in its loan underwriting, portfolio monitoring, and financial management;

(4) The applicant's expertise in education to evaluate the likelihood of success of a charter school;



(5) The ability of the applicant to prevent conflicts of interest, including conflicts of interest by employees and members of the board of directors in a decision-making role;

(6) If the applicant has co-applicants (consortium members), partners, or other grant project participants, the specific resources to be contributed by each co-applicant (consortium member), partner, or other grant project participant to the implementation and success of the grant project;

(7) For State governmental entities, the extent to which steps have been or will be taken to ensure that charter schools within the State receive the funding needed to obtain adequate facilities; and

(8) For previous grantees under the charter school facilities programs, their performance in implementing these grants.

(d) Quality of project personnel. (15 points) In determining the quality of project personnel, the Secretary considers--

(1) The qualifications of project personnel, including relevant training and experience, of the project manager and other members of the project team, including consultants or subcontractors; and

(2) The staffing plan for the grant project.

(Approved by the Office of Management and Budget under control number 1855-0007)

(Authority: 20 U.S.C. 7223; 1232)

§225.12 What funding priority may the Secretary use in making a grant award?

(a) The Secretary may award up to 15 additional points under a competitive priority related to the capacity of charter schools to offer public school choice in those communities with the greatest need for this choice based on--

(1) The extent to which the applicant would target services to geographic areas in which a large proportion or number of public schools have been identified for improvement, corrective action, or restructuring under Title I of the Elementary and Secondary Education Act of 1965, as amended by the No Child Left Behind Act of 2001;

(2) The extent to which the applicant would target services to geographic areas in which a large proportion of students perform below proficient on State academic assessments; and

(3) The extent to which the applicant would target services to communities with large proportions of students from low-income families.

(b) The Secretary may elect to--

(1) Use this competitive priority only in certain years; and

(2) Consider the points awarded under this priority only for proposals that exhibit sufficient quality to warrant funding under the selection criteria in §225.11.

(Approved by the Office of Management and Budget under control number 1855-0007)

(Authority: 20 U.S.C. 7223; 1232)

Subpart C--What Conditions Must Be Met by a Grantee?

§225.20 When may a grantee draw down funds?

(a) A grantee may draw down funds after it has signed a performance agreement acceptable to the Department of Education and the grantee.

(b) A grantee may draw down and spend a limited amount of funds prior to reaching an acceptable performance agreement provided that the grantee requests to draw down and spend a specific amount of funds and the Department of Education approves the request in writing.

(Authority: 20 U.S.C. 7223d)

§225.21 What are some examples of impermissible uses of reserve account funds?

(a) Grantees must not use reserve account funds to--

(1) Directly pay for a charter school's construction, renovation, repair, or acquisition; or

(2) Provide a down payment on facilities in order to secure loans for charter schools. A grantee may, however, use funds to guarantee a loan for the portion of the loan that would otherwise have to be funded with a down payment.

(b) In the event of a default of payment to lenders or contractors by a charter school whose loan or lease is guaranteed by reserve account funds, a grantee may use these funds to cover defaulted payments that are referenced under paragraph (a) (1) of this section.

(Authority: 20 U.S.C. 7223d)

# **APPLICATION CONTENTS**

## APPLICATION CHECKLIST FOR APPLICANTS

As discussed on the following pages, a complete application must include all of the documents listed below.

- ☐ Cover page (ED 424 Form)
    - ☐ Consortium Applicants attach a copy of consortium agreement
  - ☐ Program narrative, including responses to the selection criteria
  - ☐ Table 1- Non-Grant Funds Projected to be Generated
  - ☐ Table 2- Applicant Activity Table for the Most Recently Completed Fiscal Year
  - ☐ Table 3- Budget form and other budget information
  - ☐ All other **applicable** documents
    - ☐ Standards of Conduct
    - ☐ Credit Rating Reports
    - ☐ Audited Financial Statements
    - ☐ Cash Flow Pro Forma
    - ☐ Non-profits: Articles of Incorporation and By-laws
    - ☐ Non-profits: IRS Form 990
    - ☐ Public entities: Enabling Statutes and Other Relevant Legislation
    - ☐ Previous grantees (both Credit Enhancement for Charter School Facilities Program and Charter School Facility Financing Demonstration Grant Program Grantees): the most recent annual performance report (if the grant has not been in place long enough to have a annual performance report, the most recent half-year report)
  - ☐ Assurances and Certifications
    - ☐ Assurances—Non-Construction Programs
    - ☐ Certifications Regarding Lobbying; Debarment; Suspension, and Other Responsibility Matters; Drug-Free Workplace Requirements
    - ☐ Certification Regarding Debarment, Suspension, Ineligibility, and Voluntary Exclusion- Lower Tier Covered Transactions
    - ☐ Disclosure of Lobbying Activity
  - ☐ Response to Section 427 of GEPA Guidance
- Did You --
- ☐ Provide one (1) original plus three (3) copies of the application (for a total of 4 copies)?
  - ☐ Include all required forms with original signatures and dates?

- [ ] Submit a copy of the application to the State Single Point of Contact (if applicable)?
- [ ] Include “**Attention: CFDA 84.354A**” on the cover and envelope containing your application package?

## **GENERAL INSTRUCTIONS**

To compete for an award under this program, your completed application must include the following five parts:

### **Part I: Application for Federal Assistance (ED 424 Form)**

This part of your application consists of the standard application face page on which you provide basic identifying information about the applicant and the application. Specific instructions for completing this form are located on the back of the form.

#### **Additional clarifications for completing this form:**

- Private, non-profit or consortium applicants should complete block “K” of question # 8 and specify which type of applicant they are.
- All applicants should answer “no” to question # 6.

#### **Consortium agreements:**

Consortium applicants must also submit consortium agreements as part of their application package. These applicants must either designate one member of the group to apply for the grant or establish a separate legal entity to apply for the grant. All members of the consortium must then enter into an agreement that details the activities that each member of the group plans to perform and that binds each member to the application statements and assurances. This consortium agreement must be submitted as part of the consortium’s application. The Department's administrative regulations at 34 CFR sections 75.127--129 provide more details about the requirements that govern group/consortium applications.

### **Part II: Program Narrative Addressing the Project Selection Criteria and the Application Content Requirements**

This part of your application contains information responsive to the Project Selection Criteria and the Application Content Requirements. Make sure that your narrative addresses all of the elements. *We strongly recommend that the information be organized around and appear in the same sequence as the Project Selection Criteria.*

#### **Please also include the following applicable tables:**

- Table 1- Non-Grant Funds Projected to be Generated
- Table 2- Applicant Activity Table for the Most Recently Completed Fiscal Year

### **Part III: Budget Form and Related Information**

This part of the application contains information about the Federal funding you are requesting. You must fill in the budget form and provide explanations and comments necessary to interpret the information you provide on this form.



#### **Part IV: Assurances and Certifications**

Be certain to include all assurances and certifications, and sign each form in the appropriate place. These include:

- Assurances—Non-Construction Programs
- Certifications Regarding Lobbying; Debarment; Suspension, and other Responsibility Matters; and Drug-Free Workplace Requirements
- Certification Regarding Debarment; Suspension; Ineligibility; and Voluntary Exclusion- Lower Tier Covered Transactions
- Disclosure of Lobbying Activity

#### **Part V: Response to Section 427 of GEPA Guidance**

This part of the application includes a narrative that responds to the Section 427 of GEPA notice that is included in the application package.

# Forms that Must be Downloaded

You will need to download the following required Federal forms. The first four forms are available at

<http://www.ed.gov/fund/grant/apply/appforms/appforms.html>.

- **ED 424 Form** - Application Form for Federal Education Assistance
- **ED 80-0013 Form** - Certifications Regarding Lobbying; Debarment, Suspension and Other Responsibility Matters; and Drug-Free Workplace Requirements
- **ED 80-0014 Form** - Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion -- Lower Tier Covered Transactions
- **SF LLL Form** - Disclosure of Lobbying Activities
- **SF 424B** – Non-Construction assurances
- **Guidance on Section 427 of GEPA** – How to respond to the General Education Provisions Act

## **COMPETITIVE PRIORITY AND PROJECT SELECTION CRITERIA**

### **The Challenge: Helping Charter Schools and Promoting School Choice**

Charter schools have difficulty obtaining adequate facilities in part because lenders, investors, and landlords tend to perceive them as a financial risk. These perceived risks sometimes mean that charter schools pay premium interest or rent or that lenders, investors, and landlords refuse to do business with them.

Charter schools are unique public schools in that they are held accountable and face the threat of being closed if they fail to perform at a level high enough to justify renewal of their charter. Charters for these schools must typically be renewed every 3-5 years, and a charter school that is not renewed would likely not be able to continue making payments on long-term debt. While the vast majority of charter schools meet their performance goals and continue to operate, performance-based accountability presents a potential threat to investors.

Unlike traditional local educational agencies (LEAs), charter school LEAs generally lack the ability to issue general obligation bonds backed by property taxes. Investors consider these bonds to have far less risk than bonds that are backed only by per-pupil revenue flows, which is the only debt some charters schools can issue.

Many factors affect the extent to which charter schools have equitable access to private-sector and other capital for financing. The length of time the school has been in operation, its size, and the populations being served all play into the school's ability to obtain financing and a reasonable rate. For example, lenders may feel more comfortable working with well-established schools with proven track records than with start-ups, and they may find schools working with high-achieving populations a safer risk than those serving low-performing students.

Charter schools serve as a key to providing meaningful public school choice. In addition, the number of charter schools that grantees will be able to serve with these funds is limited. Consequently, proposals that focus funds on areas that need school choice the most will score higher than other proposals.

The Secretary will select for funding under the Credit Enhancement for Charter School Facilities Program those applications that are deemed of highest overall quality. Experts in finance, including school facilities finance and credit enhancement, will review the applications and assign to each application up to 115 points using the Project Selection Criteria and corresponding weights described in this section and the Competitive Priority. Each criterion includes factors the reviewers will consider in determining how well an application meets the criterion.

Reviewers will use their own professional judgment to assess the quality of each application against these criteria. To be competitive, applicants must address each of the selection criteria fully and clearly. The kind of information needed to accomplish this for each criterion is discussed below. Since much of the information needed to address fully each criterion is also information that is required for other purposes (see the Application Content Requirements section of this package), we recommend that applicants organize their application narrative around the Competitive Priority and the Project Selection Criteria.

The Competitive Priority is for applicants that propose a grant project that increases the capacity of charter schools to offer school choice in those communities with the greatest need for public school choice.

Project Selection Criteria that will be used by the application reviewers address two important questions:

- A. Has the applicant proposed a grant project that will make a significant contribution toward meeting the purpose of the Credit Enhancement for Charter School Facilities Program and thereby increase charter schools' access to facilities financing?
- B. Does the applicant have the ability to carry out the proposed grant project?

***The Competitive Priority related to the applicant increasing the capacity of charter schools to offer school choice in those communities with the greatest need for public school choice (15 points):***

This criterion focuses on the likelihood that the proposed project will increase the capacity of charter schools to provide public school choice in those geographic areas where school choice is needed most. Part of this need to provide public school choice is related to Title I of the Elementary and Secondary Act as amended by the No Child Left Behind (NCLB) Act. Under NCLB, school districts are required to provide public school choice to students in schools that have failed to make adequate yearly progress for two years. School districts indicate they are having difficulty finding sufficient space in schools so that students can transfer to quality schools.

Factors that will be considered in assessing the applicant's proposal to address school facility capacity issues related to increasing the capacity of charter schools to provide public school choice in those communities with the greatest need for such choice, including:

- The extent to which the applicant would target services to geographic areas in which a large proportion or number of public schools have been

identified for improvement, corrective action, or restructuring under Title I of the Elementary and Secondary Education Act of 1965, as amended by the No Child Left Behind Act;

- The extent to which the applicant would target services to geographic areas in which a large proportion of students perform below proficient on State academic assessments; and
- The extent to which the applicant would target services to communities with large proportions of students from low-income families.

**A. The selection criteria related to the potential contribution of the proposed grant project to achieving the purpose of the Credit Enhancement for Charter School Facilities Program include:**

- 1) The quality of the design and potential significance of the proposed grant project (35 points).

This criterion addresses the goals, objectives, and activities of the grant project, how the applicant will determine the viability of an individual school as an educational enterprise and therefore as a target for investment, the number and type of charter schools that it anticipates will obtain facilities as a result of the grant project, the amount and type of assistance they will receive, and the degree to which projects would serve charter schools in States with strong charter school laws. Successful applicants will provide comprehensive plans with clear goals, objectives, and activities that have specific timelines and that are aligned with the four statutory purposes for which reserve account funds may be used. They will describe the partnerships they plan to develop to help further the purposes of the program and how they will leverage private-sector and other non-Federal capital for financing charter school facilities. They will give their projections for the amounts to be leveraged relative to the amount of government funding used. They also will discuss how they will invest funds from the reserve account, and provide an estimate of the earnings they expect from these investments, and from fees, interest, or other sources.

This criterion also addresses the grant project's potential impact on the national need for charter school facilities and, in that regard, its potential as a model for others. The most successful applicants are likely to provide services to a number of charter schools, including start-ups. They will accomplish this, in part, by leveraging a significant amount of capital for investment in charter school facilities. They will clearly document their activities and the resulting outcomes for the different types of schools served, and will demonstrate that their grant projects are likely to help many other charter schools acquire appropriate facilities in the future.

The materials reviewers will take into account when rating against this selection criterion include:

- The budget form and other budget information (including the consistency of numbers, the accuracy of any mathematical functions, and the clarity of any explanations)
- Information on fees and lending terms, including how they might vary with interest rate fluctuations and
- The cash flow pro forma.

Factors used to assess the project's quality of design and significance include:

- The extent to which the grant proposal would provide financing to charter schools at better rates and terms than they can receive absent assistance through the program;
- The extent to which the grant project goals, objectives, and timeline are clearly specified, measurable, and appropriate for the purpose of the program;
- The extent to which the grant project implementation plan and activities, including the partnerships established, are likely to achieve measurable objectives that further the purposes of the program;
- The extent to which the proposed grant project is likely to produce results that are replicable;
- The extent to which the grant project will use appropriate criteria for selecting charter schools for assistance and for determining the type and amount of assistance to be given;
- The extent to which the proposed activities will leverage the private or public sector funding and increase the number and variety of charter schools assisted in meeting their facilities needs absent the program;
- The extent to which the project will serve charter schools in States with strong charter laws, consistent with the criteria for such laws in Section 5202(e)(3) of the Elementary and Secondary Education Act of 1965; and
- The extent to which the requested grant amount and project costs are reasonable in relation to the objectives, design, and potential significance of the project.

2) The quality of the services (15 points).

This criterion is concerned with the immediate benefits to be provided to charter schools as a result of the grant project. In this regard it addresses questions about the fit between the assistance to be provided and the needs of the recipients of the services. It also considers the cost-effectiveness of the services to be provided. Successful applicants will demonstrate that charter schools participated in the development of the grant project and in the identification of the specific needs to be addressed by the grant project. These applicants may have letters of endorsement from charter schools or otherwise document charter school support. In addition, these applicants will focus on quality charter schools with the greatest need for facilities and an inability to access private-sector capital. They are likely to succeed in meeting the needs of charter schools that are just starting up as well as more established charter schools. Applicants also should describe how their services would affect the charter schools in terms of burdens (such as fees and paperwork) and benefits -- financial and otherwise.

The materials reviewers will take into account when rating against this selection criterion include:

- Support letters and
- Information on fees and lending terms, including how they might vary with interest rate fluctuations

Factors used to assess the quality of the services include:

- The extent to which the services to be provided by the project reflect the identified needs of the charter schools to be served;
- The extent to which charter schools and chartering agencies were involved in the design of, and demonstrate support for, the grant project;
- The extent to which the technical assistance and other services to be provided by the proposed grant project involve the use of cost-effective strategies for increasing charter schools' access to facilities financing, including the reasonableness of fees and lending terms; and
- The extent to which the services to be provided by the proposed grant project are focused on assisting charter schools that have the greatest needs for assistance under the program.

**B. The selection criteria related to the applicant's capacity to carry out the proposed grant project include:**

- 1) The business and organizational capacity of the applicant to carry out the grant project (35 points).

This criterion focuses on the applicant's expertise in capital market financing and its organizational capacity to implement the proposed project. The applicant will need to document its financial track record and strength; its ability to protect against unwarranted financial risk; its expertise in assessing credit and evaluating the success of charter schools; and its ability to prevent conflicts of interest. The Application Content Requirements section of this package describes some of the specific data and documents to be provided regarding business and organizational capacity. The materials that reviewers will take into account when rating against this selection criterion include:

- Table 1 – Non-Grant Funds Projected to be Generated
- Table 2 – Applicant Activity Table for the Most Recently Completed Fiscal Year
- Audited Financial Statements
- Credit Rating Reports
- Standards of Conduct
- Non-profits: Articles of Incorporation and By-Laws
- Non-profits: IRS Form 990
- Public entities: Enabling Statutes and Other Relevant Legislation
- Letters of commitment from financial partners
- Previous grantees (both Credit Enhancement for Charter School Facilities Program and Charter School Facility Financing Demonstration Grant Program Grantees): the most recent annual performance report (if the grant has not been in place long enough to have an annual performance report, the most recent half-year report)
- Applicable experience financing charter schools (if any), including the number of schools served, the total amount of financing provided, the total amount of financing credit enhanced
- A description of how the applicant intends to meet any administrative costs in excess of one-quarter of one percent

Factors that will be considered in assessing the applicant's business and organizational capacity include:

- The amount and quality of experience of the applicant in carrying out the activities it proposes to undertake in its application, such as



enhancing the credit on debt issuances, guaranteeing leases, and facilitating financing;

- The applicant's financial stability;
  - The ability of the applicant to protect against unwarranted risk in its loan underwriting, portfolio monitoring, and financial management;
  - The applicant's expertise in education to evaluate the likelihood of success of a charter school;
  - The ability of the applicant to prevent conflicts of interest, including conflicts of interest by employees and members of the board of directors in a decision-making role; and
  - If the applicant has co-applicants (consortium members), partners or other grant project participants, the specific resources to be contributed by each co-applicant (consortium member), partner, or other grant project participant to the implementation and success of the grant project.
- For State governmental entities, the extent to which steps have been or will be taken to ensure charter schools within the State receive the funding needed to obtain adequate facilities.
  - For previous grantees under the charter school facilities programs, their performance in implementing these grants.

## 2) The grant project team (15 points).

This factor focuses on the relevant training and experience of key grant project personnel, consultants, subcontractors, and, for nonprofits, members of the board of directors holding key positions. Successful applicants will plan to use the services of individuals with substantial experience and expertise in facilities financing, charter schools, and other appropriate areas. They will provide the information requested in the Application Content Requirements section of this package. This information will include, among other things, a description of current job responsibilities, the educational background, and the experience and skills of each member of the grant project team as described in current resumes or detailed biographical statements. The applicant also should describe its staffing plan for the project, including a description of the assignments by activity or service and the match between the proposed staff and the skills necessary to execute the specific proposal.

Factors used to assess the grant project team include:

- The qualifications, including relevant training and experience, of the project manager and other members of the grant project team, including consultants or subcontractors; and
- The staffing plan for the grant project.

## APPLICATION CONTENT REQUIREMENTS

### Application Content

Each Credit Enhancement for Charter School Facilities Program application must include the following specific program elements:

- (1) A statement identifying the activities proposed to be undertaken with grant funds (the “grant project”) and the timeline for the activities, including how the applicant will determine which charter schools will receive assistance, how much and what types of assistance these schools will receive, the type of schools to be served, and what procedures the applicant will use for documenting grant project procedures and results.**
- (2) A description of the involvement of charter schools in the application's development and design of the proposed grant project.**
- (3) A description of the applicant's expertise in capital markets financing and organizational capacity to implement the proposed grant project successfully. (Consortium applicants must list information for each of the participating organizations.)**

This description must include the applicant's:

- A. Operational Capacity and Risk Mitigation Strategies as evidenced by:

1. Age of Organization

Identify how long the organization has been in existence. (Consortiums should identify the ages of each of the participating organizations.)

2. Policies and Procedures

Provide a brief summary of the following applicant policies and procedures, indicating whether they are approved by the applicant's governing board and when they were implemented. If they are not currently in place, describe what steps the organization will take to develop and implement such policies and procedures. If the practices differ from the policies and procedures, explain.

- a. Underwriting Standards for Participants: Process for evaluating the creditworthiness of charter school participants, including criteria for providing guarantees or other credit enhancement.
- b. Portfolio Monitoring: Monitoring process, risk rating methodologies, and debt restructuring, collections, and write-off policies.
- c. Financial Management/Risk Mitigation: Internal controls and operating policies for safeguarding assets, including cash management; maintaining liquidity and operating reserves; likely reserve account investments; and risk mitigation strategies (e.g. portfolio diversification, adopting internal lending limits, establishing and adjusting debt loss reserves, and seeking third-party insurance against default by the applicant).

### 3. Standards of Conduct

Provide a copy of the **standards of conduct** for your organization, if they exist. The standards of conduct must, at a minimum, require disclosure of direct and indirect financial or other interests, mandate disinterested decision-making, and indicate corrective actions to be taken in the event of violation.

## B. Financial Track Record and Strength as evidenced by:

### 1. Credit Rating

Submit the most recent **credit rating and report** prepared for the organization by a major bond rating agency, such as Standard and Poor's, Moody's Investors Service, or Fitch IBCA. If the organization does not have a credit rating, please indicate.

### 2. Financial Statements

Submit **audited financial statements** for the applicant's three most recently completed fiscal years. If audited statements are not available, please provide

***financial statements*** for the applicant's three most recently completed fiscal years that have been reviewed by an independent Certified Public Accountant (C.P.A.).

Such documents must include:

- a. Balance sheets or statements of financial position;
- b. Income statements or statements of activities;
- c. Statements of cash flows; and
- d. Notes to the financial statements and, if applicable, the auditor's opinion letter and any reports of findings.

If neither audited nor C.P.A.-reviewed financial statements are available, submit internal financial statements and explain why audited or C.P.A.-reviewed financial statements are not available. If the audited financial statements of the applicant are consolidated with those of its affiliates and do not include separate schedules on the applicant's financial position and separate income statements for the applicant, also submit a separate set of internal financial statements that clearly distinguish the applicant's financial information from that of the affiliates.

3. Non-profits: IRS Form 990

Provide a copy of the most recently filed IRS Form 990.

4. Portfolio Quality

Provide a narrative explanation of portfolio performance, particularly explaining the circumstances of any unusually high levels of delinquencies and losses, or loss reserves that appear inconsistent with actual losses. Such explanations should include any steps the organization is taking to remedy identified problems.

Also include an explanation of any debt-loss experience with high-risk borrowers.

## 5. Financial Track Record

Complete the ***Applicant Activity Table for the Most Recently Completed Fiscal Year.***

## 6. Financial Projections

Applicants must submit a ***cash flow pro forma*** for the grant project. The pro forma should include both a statement of sources and uses of funds and a projection of annual cash flows during the Project Period. All amounts should be expressed on a cash (year-of-expenditure) basis and should include a narrative describing key assumptions in the business model used to arrive at such estimates. The pro forma should include:

- Projected cash flows (receipts and disbursements) through the Project Period, including separate line items for each category of allowable uses of reserve account funds (such as facilitating financing or guaranteeing leases). The cash flow must indicate the projected reserve account balance at the end of each year;
- Administrative cost charges covered by the Federal funds (a maximum of 0.25%) and non-grant sources such as donations;
- An explanation of the amount and nature of all fees and expenses (including interest on loans) payable by the charter school participants associated with the grant project; and
- Anticipated interest and other earnings expected to be gained on grant funds.

If applicable, the applicant also should calculate the estimated effective financing rate (true interest cost) for charter schools participating in the grant project, and compare such percentage rate to other available financing sources.

In the event that the applicant proposes to charge fees (including interest on loans) to charter schools, the applicant must:

- Indicate whether the fees and interest are in excess of the direct cost to the applicant,
- Identify the size of this excess amount, and
- Describe how this excess amount will be used.

Furthermore, the applicant must explain how these fees and interest rates are reasonable.

## 7. Financial Stability

Discuss the applicant's strategy for sustaining its projected operations through earned income, grants, contributions, or other resources. Discuss the applicant's strategy for capitalizing its loan, guarantee, or investment fund through debt, equity, secondary markets, or other resources. Discuss the extent to which funding sources are diversified and any plans to maintain or increase the diversification of funding sources.

Complete the ***Non-Grant Funds Projected to be Generated Table***.

## 8. Legal Background

Non-profit entities: Submit a copy of ***articles of incorporation and by-laws***.

Public entities: Submit a copy of ***enabling statute and other relevant legislation***.

9. Previous grantees (both Credit Enhancement for Charter School Facilities Program and Charter School Facility Financing Demonstration Grant Program Grantees): the most recent annual performance report (if the grant has not been in place long enough to have a annual performance report, the most recent half-year report).

10. Applicable experience financing charter schools (if any), including the number of schools served, the total amount of financing provided, the total amount of financing credit enhanced.

C. Skills and Experience of the Grant Project Management Team as evidenced by:

1. Management and Staff Experience

For each member of the management team and other key staff, submit:

- a. a description of current and past job responsibilities, and education, experience, and skills, with particular attention to experiences in the fields of finance and education. The description of the individuals' experience in education must include a discussion of their expertise in assessing the programs of charter schools. This information may be provided in the form of current resumes or detailed biographical statements. Position qualification statements should be included for staff the applicant plans to hire for the project.
- b. A description of the duties of the management team and key staff working on the project. Include any staff the applicant anticipates hiring, including through contracts, to work on the project.

2. Board of Directors:

Non-profit applicants only: Submit a current list of the governing board members that indicates their tenure and organizational affiliations. Discuss the role(s) of the board of directors with respect to the grant project and their qualifications in that regard. Disclose any business and personal relationships between board members and personnel working for the applicant's organization.

**(4) A description of how the proposed grant project will leverage the maximum amount of private-sector and other non-Federal capital**



**relative to the amount of Credit Enhancement for Charter School Facilities Program funding used, the definition of “leverage” the applicant has used in developing that description, the type of assistance to be provided, how the assistance would sufficiently reduce the costs that charter schools face so that it would enable them to obtain or improve school facilities that they would not be able to obtain or improve absent the assistance, and how the proposed activities will otherwise enhance credit available to charter schools. Also:**

Provide a ratio of Federal funds to the anticipated amount of capital leveraged. For instance, if the size of the reserve account is \$1 million and \$5 million in bonds would be guaranteed using funds in the reserve account, the ratio is 5:1. Describe how the leveraging ratio is calculated and how the assistance provided to charters schools will be sufficient to assist them in meeting their school facility needs that could not have been met absent this assistance.

Provide an explanation of the number and characteristics of charter schools to be served by the Project (e.g. size, demographics, and age of school -- start-up or experienced, etc.) Include an explanation of the types of services they will receive.

- (5) In the case of an application submitted by a State governmental entity, a description of current and planned State funding policy and other forms of financial assistance that will help charter schools meet their facility needs.**

**Table 1 – Non-Grant Funds Projected to be Generated**

<b>Source</b>	<b>Project year 1</b>	<b>Project year 2</b>	<b>Project year 3</b>	<b>Project year 4</b>	<b>Project year 5</b>	<b>Remaining years</b>	<b>Total</b>
1. Donations							
2. Fees not associated with grant							
3. Interest not associated with grant							
4. Borrowed funds (including lines of credit to be used)							
5. Appropriated funds							
6. Other							
Total							

The purpose of this table is to determine amount and expected source of revenues for the applicant.

**Table 2 – Applicant Activity Table for the Most Recently Completed Fiscal Year**

<b>Outstanding credit-enhanced debt</b>	<b>Total activity</b>
Number of debt issues with credit enhancement	
Dollar amount of debt issues with credit enhancement (includes debt structured using a senior/subordinate debt structure)	\$
<b>Outstanding leases guaranteed</b>	
Number of leases guaranteed or insured	
Dollar amount of leases guaranteed or insured	\$
<b>Other means of facilitating financing (including both lending and the issuance of bonds) for the most recently completed fiscal year</b>	
Number of clients assisted by facilitating financing <sup>1</sup>	
Amount of funds spent on facilitating financing (including both lending and the issuance of bonds)	\$

Please provide a narrative associated with this table that briefly describes the types of assistance provided and the types of clients served, paying particular attention to any clients related to education, including charter schools. Each member of a consortium should complete this table separately.

<sup>1</sup> Includes activities in Section 5225(a)(3) and (4).

**Table 3 -Budget Form: Grant Funds Expenditures**

Budget categories	Project year 1	Project year 2	Project year 3	Project year 4	Project year 5	Remaining years	Total
A. Administrative funds (0.25%)							
A.1. Indirect costs							
A.2. Administrative costs other than indirect costs							
A. Total administrative costs							
<b>B. Reserve account earnings</b>							
<b>C. Reserve account (99.75%)</b>							
C.1. Grant funds spent on guaranteeing and insuring debt and leases <sup>1</sup>							
C.1.a. Personnel and fringe benefits							
C.1.b. Payments to third parties to guarantee or insure debt							
C.1.c. Other payments associated with guaranteeing and insuring debt and leases							
C.1. Total Guaranteeing and insuring debt and leases payments							
C.2. Grant funds spent on <u>facilitating</u> financing (including facilitating lending and the issuance of bonds) <sup>2</sup>							
C.2.a. Personnel and fringe benefits							
C.2.b. Contractual							
C.2.c. Other payments associated with facilitating financing							
C.2. Total grant funds spent on <u>facilitating</u> financing (including facilitating lending and the issuance of bonds)							
C.3. Total reserve account costs (lines C.1. and C.2.)							

The purpose of this table is to determine the amount of Federal grant funds that the applicant intends to spend on activities to cover costs associated with the Credit Enhancement for Charter School Facilities Grant. The table should include funds from the reserve account only in the year they are spent. The table should not include funds that remain in the reserve account and are used to directly guarantee or insure debt or leases.

<sup>1</sup> Includes activities in Section 5225(a)(1) and (2).

<sup>2</sup> Includes activities in Section 5225(a)(3) and (4).

### Instructions for Table 3 -- Budget Form: Grant Funds Expenditures

#### A. Administrative funds:

A.1. Indirect costs: Many organizations have indirect cost rates established with the U.S. Department of Education which allow those organizations to spend a portion of their grant funds on a share of the total organization costs such as rent and utilities. For this grant you may choose to claim indirect costs, but the total amount may not exceed the  $\frac{1}{4}$  of 1% allowed by statute. Also, if you choose to claim indirect costs, the sum of your indirect costs and your other administrative costs (line A.2.) combined may not exceed the allowable  $\frac{1}{4}$  of 1%.

A.2. Administrative costs other than indirect costs: Administrative costs include such items as preparing reports. Administrative cost funds are capped by the program's authorizing statute at  $\frac{1}{4}$  of 1% (0.25%) of the award amount. Administrative costs may be spread out over the project period, but the total amount may not exceed  $\frac{1}{4}$  of 1% in total. Also, if you choose to claim indirect costs, the sum of your indirect costs and your other administrative costs (line A.2.) combined may not exceed the allowable  $\frac{1}{4}$  of 1%.

A. Total administrative costs: The total for this line should include the sum of lines A, A.1. and A.2. This line cannot exceed  $\frac{1}{4}$  of 1% of the requested amount for the entire project period.

B. Reserve account earnings: Earnings include the total interest earned per year on reserve account funds as well as all fees charged in association with the project, because fees must also be added to the reserve account and used for the four allowable purposes of the grant.

#### C. Reserve account expenditures

##### C.1. Grant funds spent on guaranteeing and insuring debt and leases

C.1.a. Personnel and fringe benefits: All costs associated with paying personnel who will receive reserve account funds for their direct involvement with guaranteeing and insuring debt and leases. (We expect that this will not be a significant portion of the total request.)

C.1.b. Payments to third parties to guarantee or insure debt: All payments made with reserve account funds to third parties such as fees for guaranteeing or insuring debt.

C.1.c. Other payments associated with guaranteeing and insuring debt and leases: Any other costs paid for with reserve account funds that are not covered in C.1. a-b that can be directly attributed to guaranteeing and insuring debt and leases.

C.1. Total Guaranteeing and insuring debt and leases payments: The sum of lines C.1.a., C.1.b., and C.1.c.

C.2. Grant funds spent on facilitating financing (including facilitating lending and the issuance of bonds)

C.2.a. Personnel and fringe benefits: All costs associated with paying personnel who will receive reserve account funds for their direct involvement with facilitating financing. (We expect that this will not be a significant portion of the total request.)

C.2.b. Contractual: All costs associated with paying contractors that will receive reserve account funds for their work facilitating financing.

C.2.c. Other payments associated with facilitating financing: Any other costs paid for with reserve account funds that are not covered in lines C.2. a-b that can be directly attributed to facilitating financing.

C.2. Total grant funds spent on facilitating financing (including facilitating lending and the issuance of bonds): The sum of lines C.2.a., C.2.b., and C.2.c.

C.3. Total reserve account costs (lines C.1. and C.2.): The sum of lines C.1. and C.2. The amount in the total column for this row cannot exceed the sum of the request on Form ED 424 (the Application for Federal Education Assistance) plus reserve account earnings, and would likely be less.

# **ESTIMATED PUBLIC REPORTING BURDEN**

## ESTIMATED PUBLIC REPORTING BURDEN

### Paperwork Burden Statement

According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless such collection displays a valid OMB control number. The valid OMB control number for this information collection is 1855-0007. The time required to complete this information collection is estimated to average 80 hours per response, including the time to review instructions, search existing data resources, gather the data needed, and complete and review the information collection. **If you have any comments concerning the accuracy of the time estimate(s) or suggestions for improving this form, please write to:** U.S. Department of Education, Washington, D.C. 20202-4651. **If you have comments or concerns regarding the status of your individual submission of this form, write directly to:** Credit Enhancement for Charter School Facilities Program, U.S. Department of Education, 400 Maryland Avenue, S.W., Room 4W245, Washington D.C. 20202-6140.



# **OTHER IMPORTANT INFORMATION AND NOTICES**

## INTERGOVERNMENTAL REVIEW OF FEDERAL PROGRAMS

This appendix applies to each program that is subject to the requirements of Executive Order 12372 (Intergovernmental Review of Federal Programs) and the regulations in 34 CFR part 79.

The objective of the Executive order is to foster an intergovernmental partnership and to strengthen Federalism by relying on State and local processes for State and local government coordination and review of proposed Federal financial assistance.

Applicants must contact the appropriate State Single Point of Contact to find out about, and to comply with, the State's process under Executive Order 12372. Applicants proposing to perform activities in more than one State should immediately contact the Single Point of Contact for each of those States and follow the procedure established in each of those States under the Executive order. A listing containing the Single Point of Contact for each State is included in this appendix.

In States that have not established a process or chosen a program for review, State, areawide, regional, and local entities may submit comments directly to the Department.

Any State Process Recommendation and other comments submitted by a State Single Point of Contact and any comments from State, area-wide, regional, and local entities must be mailed or hand-delivered by the date indicated in the actual application notice to the following address: The Secretary, EO 12372--CFDA# 84.354A, U.S. Department of Education, Room 7W100, 400 Maryland Avenue, SW., Washington, DC 20202

Proof of mailing will be determined on the same basis as applications (see 34 CFR 75.102). Recommendations or comments may be hand-delivered until 4:30 p.m. (Washington, DC time) on the date indicated in the actual application notice.

PLEASE NOTE THAT THE ABOVE ADDRESS IS NOT THE SAME ADDRESS AS THE ONE TO WHICH THE APPLICANT SUBMITS ITS COMPLETED APPLICATION. DO NOT SEND APPLICATIONS TO THE ABOVE ADDRESS.

## STATE SINGLE POINTS OF CONTACT (SPOCs)

Executive Order 12372, "Intergovernmental Review of Federal Programs," was issued with the desire to foster the intergovernmental partnership and strengthen Federalism by relying on State and local processes for the coordination and review of proposed Federal financial assistance and direct Federal development. The Order allows each State to designate an entity to perform this function. Below is a copy of the official list of those entities. For those States that have a home page for their designated entity, a direct link has been provided from the official version of this document from the OMB web page at the following address: <http://www.whitehouse.gov/omb/grants/spoc.html>

This publication by the U.S. Department of Education (ED or the Department) is an unofficial version of the State Single Point of Contact (SPOC) List published by the Office of Management and Budget (OMB). The Department has made every effort to ensure the accuracy of the information contained in this unofficial version. However, the only official version of the State Single Point of Contact (SPOC) List is posted on the Grants Management section of the OMB web site listed above.

<b>ARKANSAS</b> Tracy L. Copeland Manager, State Clearinghouse Office of Intergovernmental Services Department of Finance and Admin. 1515 W. 7th St., Room 412 Little Rock, Arkansas 72203 Telephone: (501) 682-1074 Fax: (501) 682-5206 tlcopeland@dfa.state.ar.us	<b>CALIFORNIA</b> Grants Coordination State Clearinghouse Office of Planning and Research P.O. Box 3044, Room 222 Sacramento, California 95812-3044 Telephone: (916) 445-0613 Fax: (916) 323-3018 state.clearinghouse@opr.ca.gov
<b>DELAWARE</b> Sandra R. Stump Executive Department Office of the Budget 540 S. Dupont Highway, 3rd Floor Dover, Delaware 19901 Telephone: (302) 739-3323 Fax: (302) 739-5661 sandy.stump@state.de.us	<b>DISTRICT OF COLUMBIA</b> Luisa Montero-Diaz Office of Partnerships and Grants Development Executive Office of the Mayor District of Columbia Government 441 4th Street, NW, Suite 530 South Washington, DC 20001 Telephone: (202) 727-8900 Fax: (202) 727-1652 opgd.eom@dc.gov
<b>FLORIDA</b> Lauren P. Milligan Florida State Clearinghouse Florida Dept. of Environmental Protection 3900 Commonwealth Boulevard Mail Station 47 Tallahassee, Florida 32399-3000 Telephone: (850) 245-2161 Fax: (850) 245-2190 Lauren.Milligan@dep.state.fl.us	<b>GEORGIA</b> Barbara Jackson Georgia State Clearinghouse 270 Washington Street, SW Atlanta, Georgia 30334 Telephone: (404) 656-3855 Fax: (404) 656-7901 gach@mail.opb.state.ga.us
<b>ILLINOIS</b> Rukaya McCaffrey Department of Commerce and Community Affairs 620 East Adams, 6th Floor Springfield, Illinois 62701 Telephone: (217) 524-0188 Fax: (217) 558-0473 rmccaffr@commerce.state.il.us	<b>IOWA</b> Steven R. McCann Division of Community and Rural Development Iowa Department of Economic Development 200 East Grand Avenue Des Moines, Iowa 50309 Telephone: (515) 242-4719 Fax: (515) 242-4809 steve.mccann@ided.state.ia.us

<b>KENTUCKY</b> Ron Cook Department for Local Government 1024 Capital Center Drive, Suite 340 Frankfort, Kentucky 40601 Telephone: (502) 573-2382 Fax: (502) 573-2512 ron.cook@mail.state.ky.us	<b>MAINE</b> Joyce Benson State Planning Office 184 State Street 38 State House Station Augusta, Maine 04333 Telephone: (207) 287-3261 (direct) (207) 287-1461 Fax: (207) 287-6489 joyce.benson@state.me.us
<b>MARYLAND</b> Linda C. Janey, J.D. Director, Capital Plng. & Devel. Review Maryland Department of Planning 301 West Preston Street, Room 1104 Baltimore, Maryland 21201-2305 Telephone: (410) 767-4490 Fax: (410) 767-4480 linda@mail.op.state.md.us	<b>MICHIGAN</b> Richard Pfaff Southeast Michigan Council of Governments 535 Griswold, Suite 300 Detroit, Michigan 48226 Telephone: (313) 961-4266 Fax: (313) 961-4869 pfaff@semcog.org
<b>MISSISSIPPI</b> Mildred Tharpe Clearinghouse Officer Department of Finance and Administration 1301 Woolfolk Building, Suite E 501 North West Street Jackson, Mississippi 39201 Telephone: (601) 359-6762 Fax: (601) 359-6758	<b>MISSOURI</b> Angela Boessen Federal Assistance Clearinghouse Office of Administration P.O. Box 809 Truman Building, Room 840 Jefferson City, Missouri 65102 Telephone: (573) 751-4834 Fax: (573) 522-4395 lgr@mail.oa.state.mo.us
<b>NEVADA</b> Heather Elliott Department of Administration State Clearinghouse 209 E. Musser Street, Room 200 Carson City, Nevada 89701 Telephone: (775) 684-0209 Fax: (775) 684-0260 helliott@govmail.state.nv.us	<b>NEW HAMPSHIRE</b> MaryAnn Manoogian Director, New Hampshire Office of Energy and Planning Attn: Intergovernmental Review Process Benjamin Frost 57 Regional Drive Concord, New Hampshire 03301-8519 Telephone: (603) 271-2155 Fax: (603) 271-2615 irp@nh.gov
<b>NEW MEXICO</b> Ken Hughes Local Government Division Room 201 Bataan Memorial Building Santa Fe, New Mexico 87503 Telephone: (505) 827-4370 Fax: (505) 827-4948 khughes@dfa.state.nm.us	<b>NEW YORK</b> Linda Shkreli Office of Public Security Homeland Security Grants Coordination 633 3rd Avenue New York, NY 10017 Telephone: (212) 867-1289 Fax: (212) 867-1725
<b>NORTH DAKOTA</b> Jim Boyd Division of Community Services 600 East Boulevard Ave, Dept 105 Bismarck, North Dakota 58505-0170 Telephone: (701) 328-2094 Fax: (701) 328-2308 jboyd@state.nd.us	<b>RHODE ISLAND</b> Kevin Nelson Department of Administration Statewide Planning Program One Capitol Hill Providence, Rhode Island 02908-5870 Telephone: (401) 222-2093 Fax: (401) 222-2083 knelson@doa.state.ri.us

<b>SOUTH CAROLINA</b> SC Clearinghouse Budget and Control Board Office of State Budget 1201 Main Street, Suite 950 Columbia, South Carolina 29201 Telephone: (803) 734-0494 Fax: (803) 734-0645 clearinghouse@budget.state.sc.us aburgess@budget.state.sc.us	<b>TEXAS</b> Denise S. Francis Director, State Grants Team Governor's Office of Budget and Planning P.O. Box 12428 Austin, Texas 78711 Telephone: (512) 305-9415 Fax: (512) 936-2681 dfrancis@governor.state.tx.us
<b>UTAH</b> Clare Walters Utah State Clearinghouse Governor's Office of Planning and Budget State Capitol, Room 116 Salt Lake City, Utah 84114 Telephone: (801) 538-1555 Fax: (801) 538-1547 cwalters@utah.gov	<b>WEST VIRGINIA</b> Fred Cutlip, Director Community Development Division West Virginia Development Office Building #6, Room 553 Charleston, West Virginia 25305 Telephone: (304) 558-4010 Fax: (304) 558-3248 fcutlip@wvdo.org
<b>WISCONSIN</b> Jeff Smith Section Chief, Federal/State Relations Wisconsin Department of Administration 101 East Wilson Street, 6th Floor P.O. Box 7868 Madison, Wisconsin 53707 Telephone: (608) 266-0267 Fax: (608) 267-6931 jeffrey.smith@doa.state.wi.us	<b>AMERICAN SAMOA</b> Pat M. Galea'i Federal Grants/Programs Coordinator Office of Federal Programs/Office of the Governor Department of Commerce American Samoa Government Pago Pago, American Samoa 96799 Telephone: (684) 633-5155 Fax: (684) 633-4195 pmgaleai@samoatelco.com
<b>GUAM</b> Director Bureau of Budget and Mgmt. Research Office of the Governor P.O. Box 2950 Agana, Guam 96910 Telephone: 011-671-472-2285 Fax: 011-472-2825 jer@ns.gov.gu	<b>PUERTO RICO</b> Jose Caballero / Mayra Silva Puerto Rico Planning Board Federal Proposals Review Office Minillas Government Center P.O. Box 41119 San Juan, Puerto Rico 00940-1119 Telephone: (787) 723-6190 Fax: (787) 722-6783
<b>NORTH MARIANA ISLANDS</b> Ms. Jacoba T. Seman Federal Programs Coordinator Office of Management and Budget Office of the Governor Saipan, MP 96950 Telephone: (670) 664-2289 Fax: (670) 664-2272 omb.jseman@saipan.com	<b>VIRGIN ISLANDS</b> Ira Mills Director, Office of Management and Budget #41 Norre Gade Emancipation Garden Station, Second Floor Saint Thomas, Virgin Islands 00802 Telephone: (340) 774-0750 Fax: (340) 776-0069 Irmills@usvi.org

# **IMPORTANT NOTICE TO PROSPECTIVE PARTICIPANTS IN U.S. DEPARTMENT OF EDUCATION CONTRACT AND GRANT PROGRAMS**

## **GRANTS**

Applicants for grants from the U.S. Department of Education (ED) have to compete for limited funds.

Deadlines assure all applicants that they will be treated fairly and equally, without last minute haste.

For these reasons, ED must set strict deadlines for grant applications. Prospective applicants can avoid disappointment if they understand that:

Failure to meet a deadline will mean that an applicant will be  
Rejected without any consideration whatever.

The rules, including the deadline, for applying for each grant are published, individually, in the Federal Register. A one-year subscription to the Register may be obtained by sending \$340.00 to: Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402-9371. (Send check or money order only, no cash or stamps.)

The instructions in the Federal Register must be followed exactly. Do not accept any other advice you may receive. No ED employee is authorized to extend any deadline published in the Register.

Questions regarding submission of applications may be addressed to:

U.S. Department of Education  
Application Control Center  
Washington, D.C. 20202-4725

## **CONTRACTS**

Competitive procurement actions undertaken by the ED are governed by the Federal Procurement Regulation and implementing ED Procurement Regulation.

Generally, prospective competitive procurement actions are synopsized in the Commerce Business Daily (CBD). Prospective offerors are therein advised of the nature of the procurement and where to apply for copies of the Request for Proposals (RFP).

Offerors are advised to be guided solely by the contents of the CBD synopsis and the instructions contained in the RFP. Questions regarding the submission of offers should be addressed to the Contracts Specialist identified on the face page of the RFP.

Offers are judged in competition with others, and failure to conform with any substantive requirements of the RFP will result in rejection of the offer without any consideration whatever.

Do not accept any advice you receive that is contrary to instructions contained in either the CBD synopsis or the RFP. No ED employee is authorized to consider a proposal which is non-responsive to the RFP.

A subscription to the CBD is available for \$208.00 per year via second class mailing or \$261.00 per year via first class mailing. Information included in the Federal Acquisition Regulation is contained in Title 48, Code of Federal Regulations, Chapter 1 (\$49.00). The foregoing publication may be obtained by sending your check or money order only, no cash or stamps, to:

Superintendent of Documents  
U.S. Government Printing Office  
Washington, D.C. 20402-9371

In an effort to be certain this important information is widely disseminated, this notice is being included in all ED mail to the public. You may therefore, receive more than one notice. If you do, we apologize for any annoyance it may cause you.

## APPLICATION TRANSMITTAL INSTRUCTIONS

If you want to apply for a grant and be considered for funding, you must meet the following deadline requirements:

### **A. Applications Sent by Mail**

You must mail the original and three copies of the application on or before the deadline date to:

**U.S. Department of Education  
Application Control Center  
Attention: CFDA# 84.354A  
400 Maryland Avenue, SW  
Washington, DC 20202 - 4260**

You must show one of the following as proof of mailing:

- (1) A legibly dated U. S. Postal Service Postmark.
- (2) A legible mail receipt with the date of mailing stamped by the U. S. Postal Service.
- (3) A dated shipping label, invoice, or receipt from a commercial carrier.
- (4) Any other proof of mailing acceptable to the Secretary.

If you mail an application through the U.S. Postal Service, we do not accept either of the following as proof of mailing:

- (1) A private metered postmark.
- (2) A mail receipt that is not dated by the U.S. Postal Services.

An applicant should note that the U.S. Postal Service does not uniformly provide a dated postmark. Before relying on this method, an applicant should check with its local post office.

### **Applications Delivered by Commercial Carrier:**

Special Note: Due to recent disruptions to normal mail delivery, the Department encourages you to consider using an alternative delivery method (for example, a commercial carrier, such as Federal Express or United Parcel Service; or U. S. Postal Service Express Mail) to transmit your application for this competition to the Department. If you use an alternative delivery method, please obtain the appropriate proof of mailing under “Applications Sent by Mail,” then follow the mailing instructions under the appropriate delivery method.

Applications that are delivered by commercial carrier, such as Federal Express, United Parcel Service, etc. should be mailed to the:

**U.S. Department of Education  
Application Control Center – Stop 4260  
Attention: CFDA# 84.354A  
7100 Old Landover Road  
Landover, MD 20785-1506**

**Applications Delivered by Hand**

You or your courier must hand deliver the original and number of copies requested of the application by 4:30 p.m. (Washington, DC time) on or before the deadline date.

**U.S. Department of Education  
Application Control Center  
Attention: CFDA# 83.354A  
550 12<sup>th</sup> Street, SW  
PCP - Room 7041  
Washington, DC 20202 – 4260**

The Application Control Center accepts application deliveries daily between 8:00 a.m. and 4:30 p.m. (Washington, DC time), except Saturdays, Sundays and Federal holidays.